Annual Report 1979
Redpath Industries Limited

Shareholders' Annual Meeting

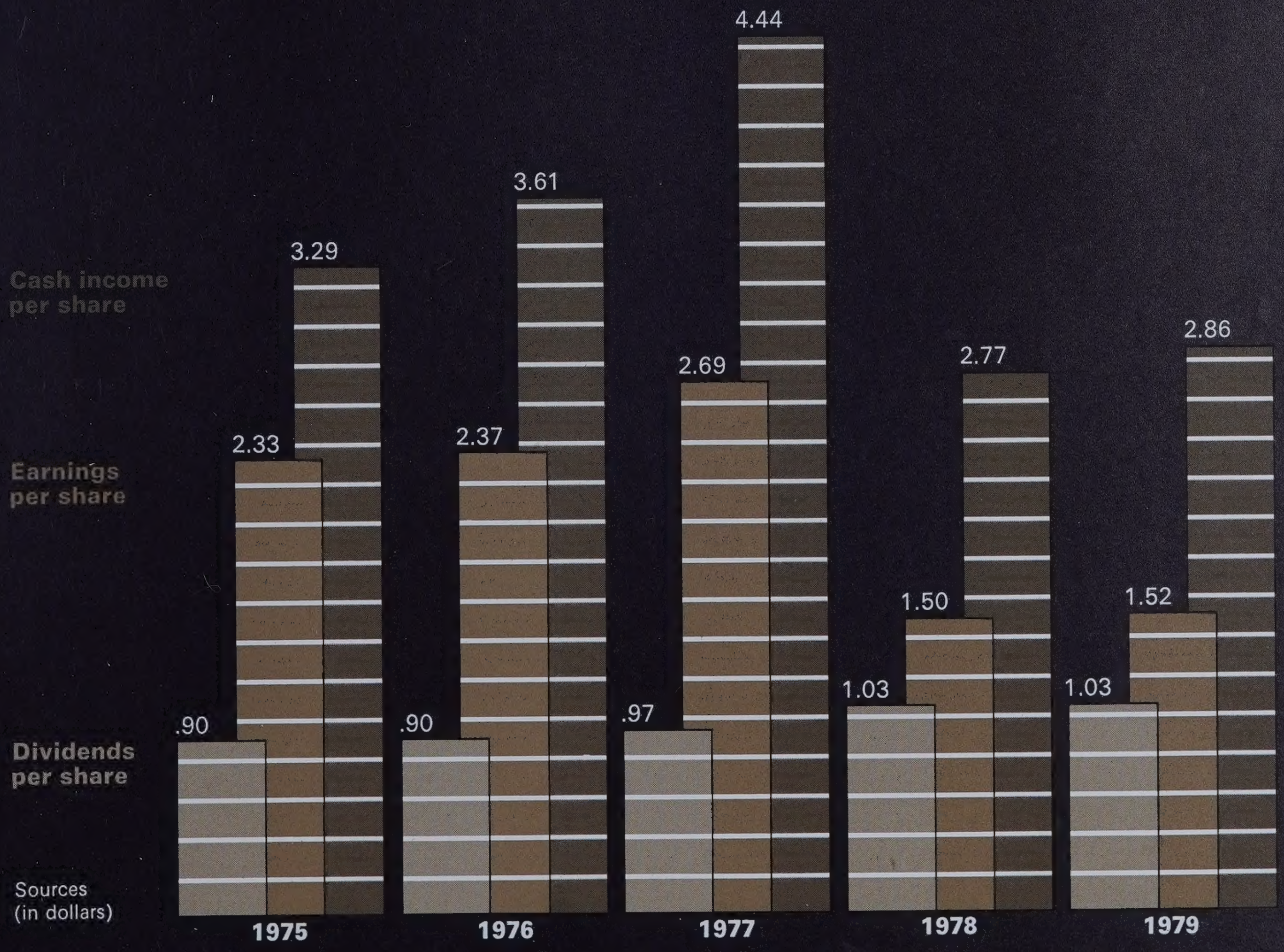
The annual shareholders' meeting will be held in Toronto, Ontario at the Royal York Hotel on Tuesday, March 4, 1980 at 11:30 a.m. A luncheon will be served following the meeting.

Revenue	$348,721,000
Net income before extraordinary items	4,824,000
Per share	1.52
Cash income per share	2.86
Dividend per share	1.03

After provision for an extraordinary item related to the closing of the Montreal refinery, a net loss of $330,000 was recorded for the year.

Revenues reached a record level for the year and all divisions achieved higher revenues compared to 1978.

Expenditures on property, plant and equipment totalled $14,910,000.



N. M. Shaw President and Chief Executive Officer

R S & S, Inc. achieved encouraging gains in volume and revenues in 1979 . . . .

Financial

In 1979, your company's revenues totalled $348,721,000 exceeding the record established in the previous fiscal year of $284,638,000.

Consolidated net income before the extraordinary items mentioned below was $4,824,000 or $1.52 per share compared to $4,770,000 or $1.50 per share earned in 1978.

After provision for extraordinary items related to closure of the Montreal Redpath sugar refinery, a net loss of $330,000 or 10 cents per share was incurred for the year.

Physical sales of sugar were at about the same level as in previous year but continued severe price competition in the industry adversely affected earnings of Redpath Sugars Limited in 1979. Raw sugar trading conditions during most of the fiscal year were characterized by relatively steady low values with fewer trading opportunities than in the previous year; hence earnings from that source were lower than in 1978. A sharp upward movement in world sugar prices began in September 1979.

Refined Syrups & Sugars, Inc. (RS&S), the Yonkers, New York, joint venture refinery, achieved encouraging gains in volume and revenues in 1979, despite a continuing severe competitive climate. Loss incurred in fiscal 1979 was less than one-half that of the previous year.

The construction materials division posted significant gains in both revenues and net income in 1979. The new aluminum extrusion, fabricating and anodizing plant in Chatham, Ontario operated at a good profit in 1979, following resolution of start-up problems experienced in 1978.

Packaging division operations in 1979 produced gratifying results, the trend of steadily increasing revenues and net income having been maintained.

Record revenues were reported in 1979 from sugar refining in Canada totalling $153,161,000 compared to $141,524,000 in 1978; U.S. sugar refining (50% interest) $61,829,000 compared to $44,544,000 in 1978; construction materials division $65,537,000 versus $49,385,000 in 1978; engineering and consulting $53,429,000 versus $37,094,000 in 1978; packaging $12,547,000 compared to $10,521,000 in 1978.

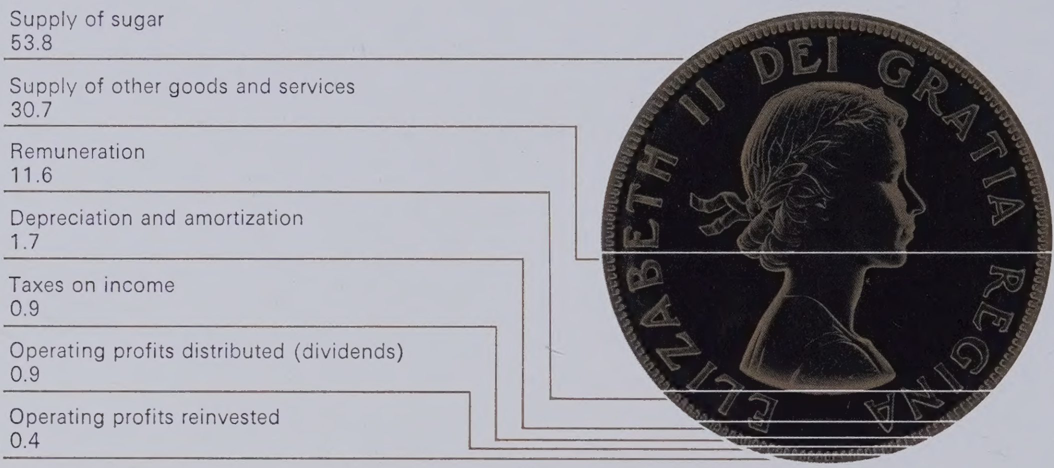
Non-sugar activities accounted for 38% of total revenue and 45% of income.

Most of the capital expenditures for the year were concentrated in Refined Syrups & Sugars, Inc. and in Zymaize, the joint venture corn sweetener plant now under construction in London, Ontario. Capital expenditures in other subsidiaries were restrained and totalled only $3,031,000.

Additions to property, plant and equipment in the 1980 fiscal year are expected to reach $30 million of which about $10 million has already been committed. The bulk of these expenditures will be directed to the Zymaize plant with about $4 million being invested in sugar refining and $5 million in construction materials and packaging operations.

The appeal by your company and two of its competitors from the conviction by the Quebec Court of Appeal on a charge of conspiring to unduly lessen competition was heard by the Supreme Court of Canada December 10, 11 and 12, 1979. It is expected that judgment will be handed down by the Court within the next several months.

Distribution of Total Revenues
(percent)



The construction of the $60 million corn wet-milling and high fructose syrup plant by Zymaize Company, the joint venture with John Labatt Limited, is on schedule. Barring work stoppages in the construction industry and unforeseen delays in the delivery of critical equipment, the project should be completed on budget and on time. It is expected that the plant will be in production in the fall of 1980. Increasing acceptance of high fructose syrup by food and beverage manufacturers as a substitute for liquid sugar and recent increases in world raw sugar prices enhance the outlook for the project.

Agro-Industrial Division

Sales volume of refined sugar from your company's Montreal and Toronto refineries in the fiscal year under review were at about the same levels as in 1978 with export sales forming a significant part of total volume.

Consumption of sugar in Canada in the fiscal year 1979 was higher than in the previous year but remained below historic levels. Increased competitive pressures in the marketplace as a result of industry overcapacity produced an adverse effect on profitability in the Canadian sugar refining division.

In the company's public announcement on September 27, 1979 of the closure of the Montreal sugar refinery, economic reasons were cited as the reason for the closure. A serious overcapacity situation has prevailed in Eastern Canada for some time and Redpath, with two refineries, has been particularly affected. A careful review was carried out of all strategies whereby a closure might have been avoided. It was apparent that maintaining Redpath Sugars' traditional level of profitability depended on its ability to be fully competitive and could only be achieved by closure of one of its refineries. The greatest concentration of sugar refining overcapacity exists in the Montreal area. The newer, modern Toronto refinery is substantially more efficient than the Montreal facility, is readily expandable to serve Redpath's total manufacturing requirements and is best situated to serve the large Ontario market.

As detailed in Note 8 to the Financial Statements, full provision has been made for the anticipated loss on closure. The company will supply its Quebec customers from its Toronto refinery or from sugar processed for it under contract with other sugar refiners. Redpath will continue to be fully competitive and to provide the same high level of service and satisfaction its customers have enjoyed in the past. The effect on Redpath's costs should begin to be felt in late spring or early summer when sales volumes traditionally increase. It is expected, however, that the marketplace for refined sugar will remain extremely competitive in Eastern Canada as the industry meets ever increasing competition from substitute sweeteners. For these reasons, it is expected that profit recovery in Redpath Sugars in 1980 will be modest.

The International Sugar Agreement has been in operation since January 1 1978, but has not been fully effective for several reasons, the more important being the large surpluses that have overhung the market, refusal of the European Economic Community to join the Agreement leading to its unrestrained and highly subsidized exports of about 3 million tonnes per year, and non-ratification by the U.S.

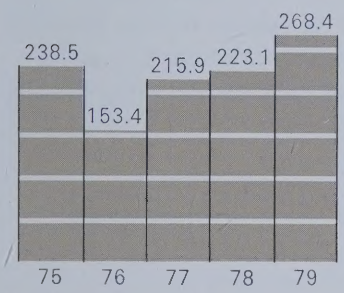
Although the U.S. observes the provisions of the I.S.A., and is in fact a provisional member, U.S. Congress had held up ratification of the Agreement, awaiting passage of a U.S. Sugar Act, the main purpose of which would have been to assist the U.S. sugar producers by supporting the internal U.S. price for sugar. The Bill was defeated in the House of Representatives on October 23rd, and it is uncertain at this time whether or not efforts will be made to revive legislation during the present session. However, the Senate has since ratified the I.S.A. and legislation implementing the economic provisions of it is expected to reach the floor of the House of Representatives in the coming months.

The hesitancy of the U.S. to ratify has had, until recently, a depressing effect on prices, but equally important is the fact that it has made it impossible to implement the provisions to finance 2.5 million tonnes of special stocks designed to restrain runaway prices. It is believed the proportion of stocks to be set aside exists, but no contributions to the fund have been made, and producers have had to finance these stocks themselves instead of being able to draw against the fund.

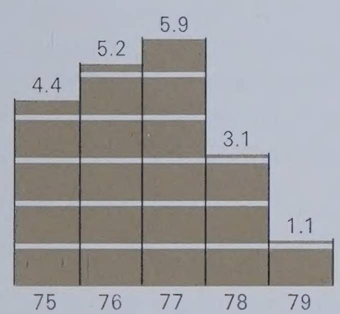
During September, sparked by rising gold prices and large-scale buying of commodities, raw sugar prices moved sharply upward. The movement has been sustained by the increasing realization that the changing statistical situation has considerably diminished the surpluses that have weighed on the market for so long. Trade opinion is that present price levels are firmly based and should be maintained or increased during the coming year.

Redpath supports the International Sugar Agreement because it is designed to achieve a desirable objective of providing adequate returns to efficient producers of raw sugar. It should also help consumers by avoiding the sharp swings in world sugar prices such as those experienced in 1974-75.

Agro-Industrial Division

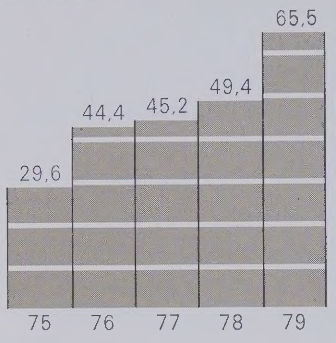


Revenue
Sources (in millions of dollars)

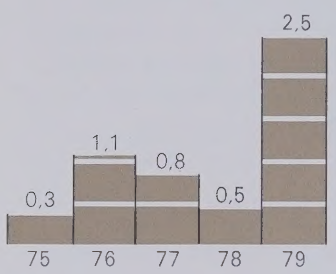


Net Income
Sources (in millions of dollars)

Construction Materials Division

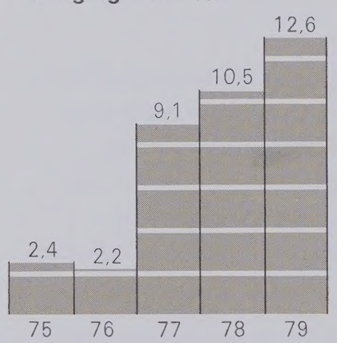


Revenue
Sources (in millions of dollars)

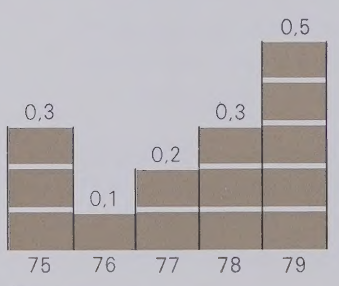


Net Income
Sources (in millions of dollars)

Packaging Division



Revenue
Sources (in millions of dollars)



Net Income
Sources (in millions of dollars)

The major expansion and modernization program at RS&S is now virtually complete. The commissioning phase is underway and production efficiencies and cost savings are now being realized. It is expected that losses will be further reduced in 1980.

The raw sugar factory and related infrastructure being constructed by the company for the Government of the Ivory Coast processed the first crop of sugar cane as planned during January 1979. Since the start-up, the client has elected to manage the complex itself and has therefore terminated the company's management contract. Under the circumstances the company is attempting to conclude its activities in the Ivory Coast by September 1980 and to this end is negotiating final acceptance under the construction contract.

Construction Materials Division

Revenues in construction materials division again soared to record levels, exceeding revenue in 1978 by more than 30%. Net income in the division was also well ahead of the previous year. Sales growth in 1979 in Daymond Limited's line of vinyl siding continued at a high rate and new production methods significantly increased productivity and improved its already high quality. The outlook for the product in 1980 is encouraging. A new warehouse to accommodate vinyl siding is under construction at Daymond's Mississauga, Ontario location. The pattern of increasing sales of drainage pipe continued during the year with improved profitability. The Daymond aluminum division experienced an exceptional turnaround in sales and profits, the production efficiencies of the new Chatham plant being the major factor in the successful performance of the division.

Notwithstanding severe competition, particularly in the U.S. market, Multi Fittings showed a significant increase in sales revenue with a modest improvement in profitability. It became apparent during the year that progress of Multi Fittings could be enhanced by reorganization and accordingly the management of Multi Fittings and Multi Fittings (USA) has been restructured on a functional rather than divisional basis. During the year Multi's subsidiary, London Plastics Machinery, continued in a loss position. Management decided that this operation represented a dilution of its efforts in the plastic pipe fitting field and disposal of the subsidiary was completed following the year-end. At the time of writing, the change in the Multi organization has demonstrated an improvement over the same period last year.

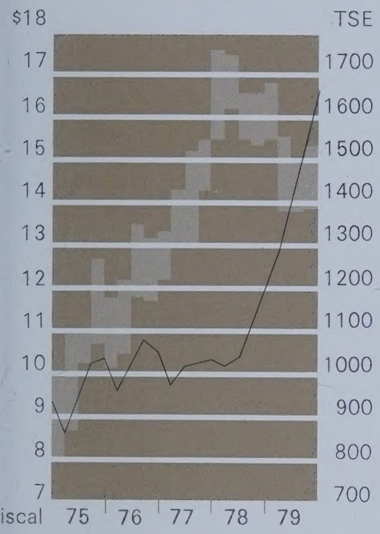
Certain-Teed/Daymond Co., operating five drainage pipe plants in the Northeastern U.S., had a good year in terms of sales and profitability. It is expected that there will be a high demand for agricultural drainage pipe in 1980.

Gienow has shown improvement over the previous year with an increase in sales revenue in excess of 25%. Although participating in an intensely competitive industry, positive contributions to earnings have been made. Current indications are that Gienow results are ahead of the same period a year ago.

Packaging Division

All elements of the Packaging Division performed significantly better than the year before and the division increased sales revenue by 20% with a profit increase of about 100%. This division represents a good return on the capital

employed. Accordingly, during the year a variety of opportunities to expand the packaging base by acquisition were considered but, as yet, no developments have occurred.



TSE: Industrial average

RIL: Share trading range by quarters

Oil and Gas
During the year, several new properties were acquired and development of previous acquisitions continued as planned. Cash flows to date have not met original forecasts but with several properties shortly to come on-stream this situation is expected to improve. The U.S. acreage acquired in 1978 is presently being drilled and test results to date are promising.

Appointments and Retirements
Mr. H. Saxon Tate retired as a director in May, 1979 in order to devote his time to his increased responsibilities in Tate and Lyle, Limited. He served on the Board for 14 years and his leadership and active support were of inestimable value in giving new direction and impetus to the company. The Board acknowledges and is appreciative of his many contributions over the years.

The vacancy created by the resignation of Mr. H. Saxon Tate was filled by the appointment of Mr. M.J.L. Attfield, a director of Tate and Lyle, Limited. Mr. Attfield has had many years of experience in the the sugar business, particularly in the international field and has held senior positions in Tate and Lyle, Limited for a number of years. His knowledge of world sugar matters and his wide range of activities in the Tate and Lyle, Limited group will be of much benefit to the Board.

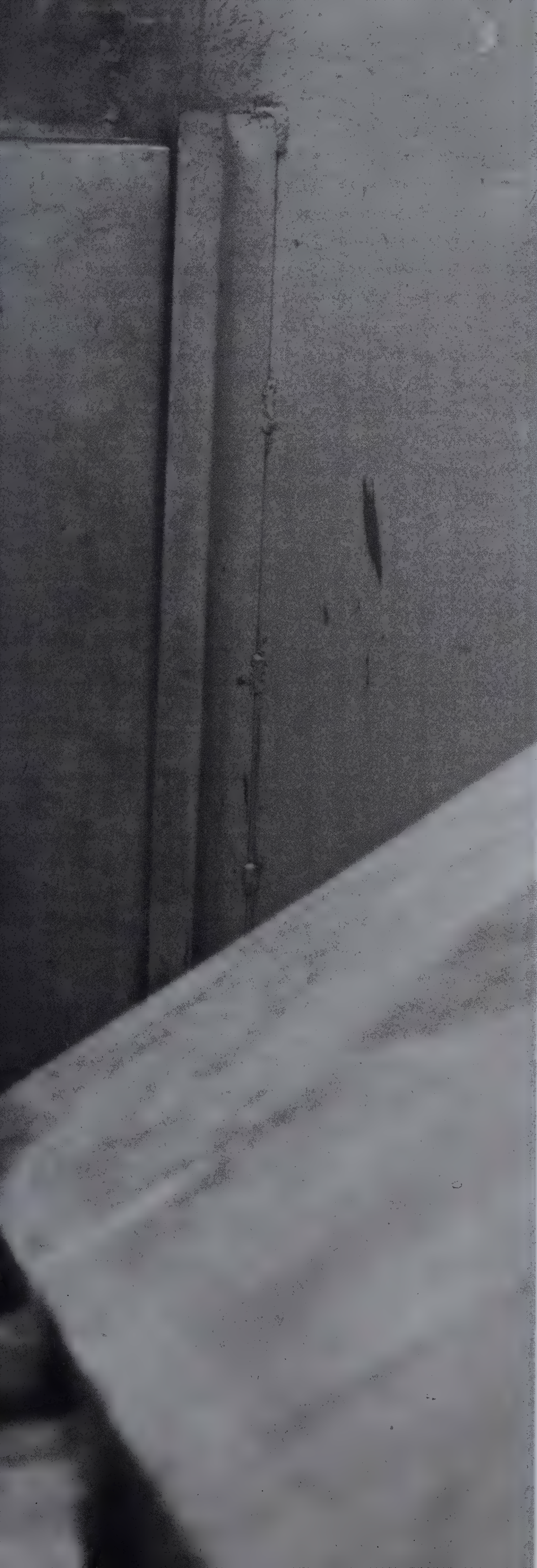
Pensions
The company again in 1979 continued to provide supplemental pension payments to its retired employees to assist in combatting the effects of inflation.

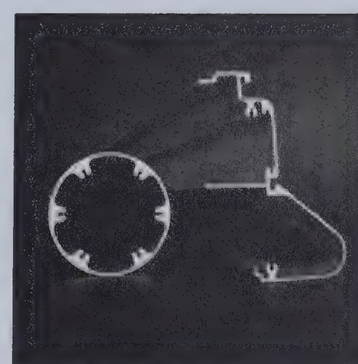
Appreciation
The importance of the loyalty, support and efforts of your company's employees in all divisions has been well demonstrated during the past challenging year and the Board gratefully acknowledges their contributions to your company's objectives.

On behalf of the Board

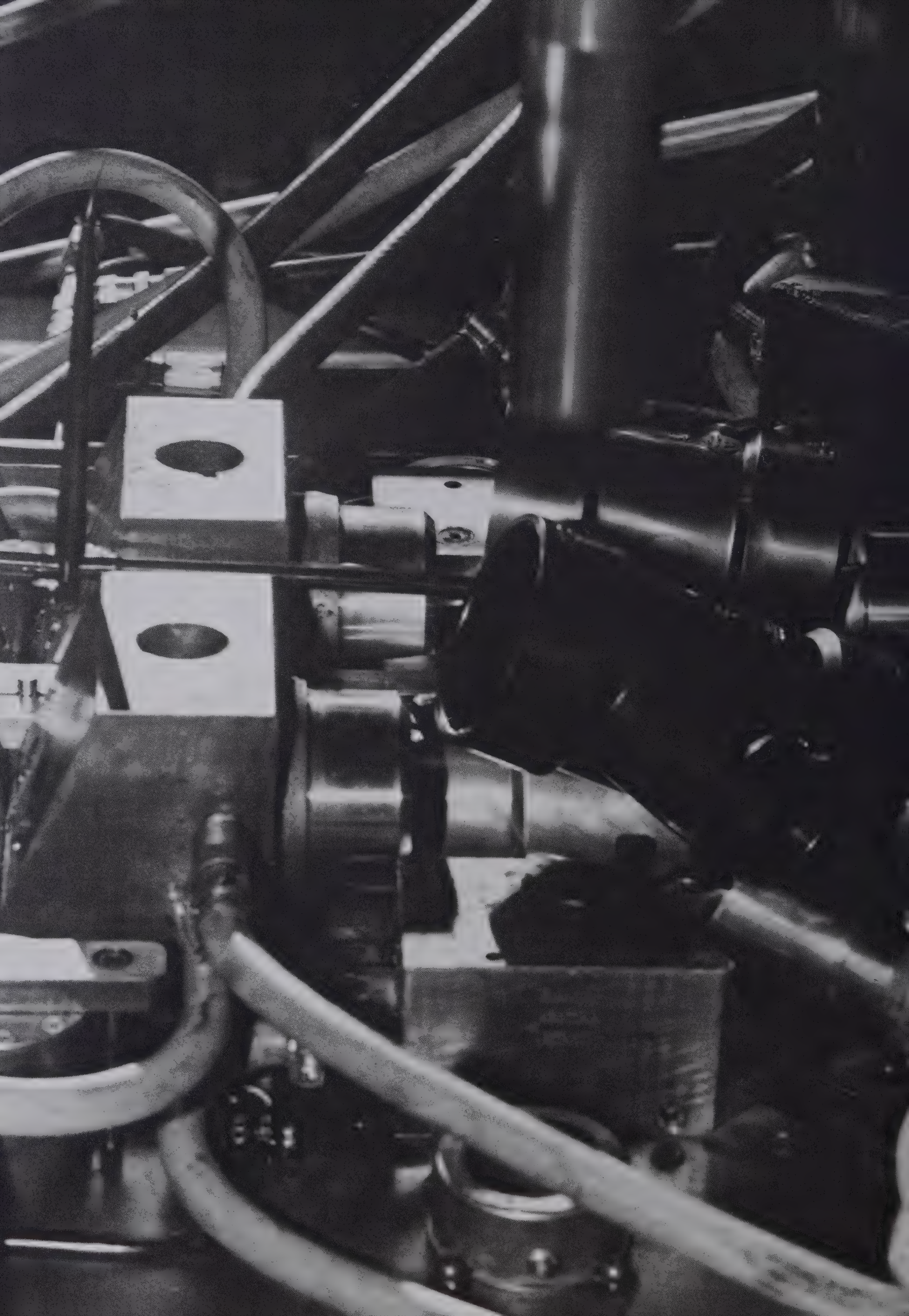
N.M. Shaw
President and Chief Executive Officer

January 18, 1980.





The extrusion of aluminum into a variety of products begins, at the Chatham plant of Daymond Limited, as an aluminum billet is rolled into a heating chamber. When a specified temperature is reached the metal is pressed through the die resulting in the finished product.

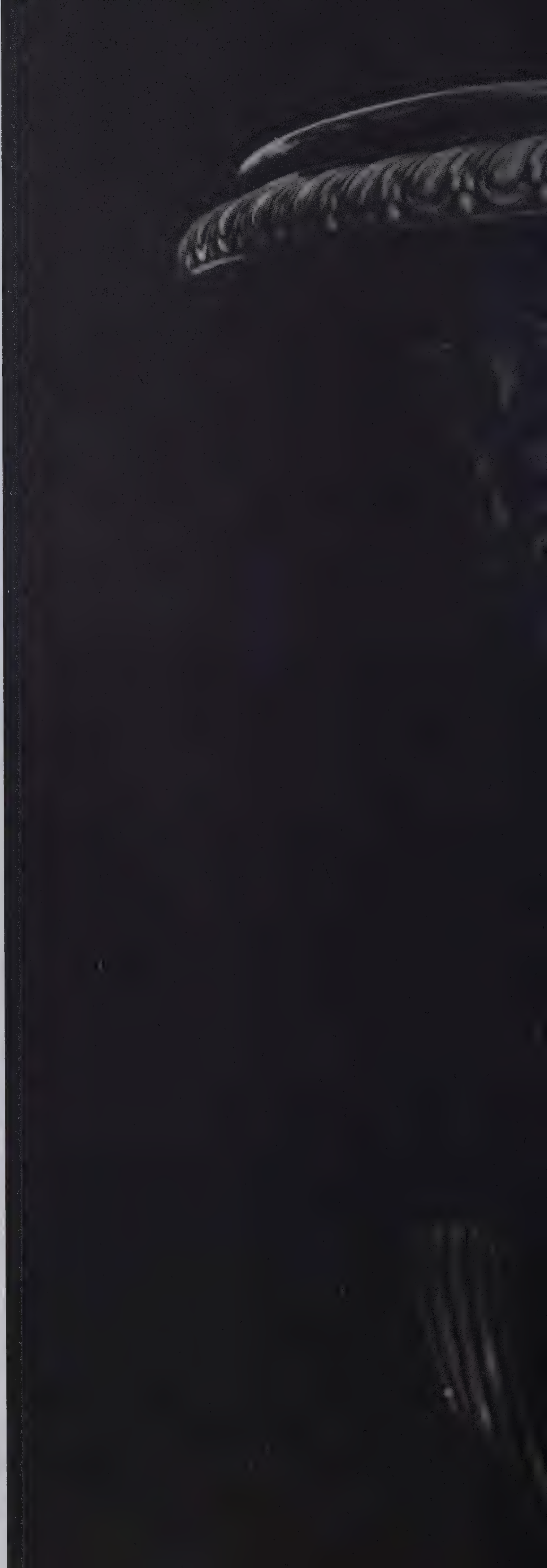


At Multi Fittings in London, Ontario, a plastic pipe fitting drops out of the mould ready to be checked and delivered. Multi's specialized fittings are made from two types of plastic and are used to join plastic, metal or asbestos pipes to provide plumbing, sewage or drainage systems.

Redpath Sugars Limited opened a sugar museum in Toronto last spring. It documents the history of sugar, the Canadian sugar industry and the Redpath family, and was built for the enjoyment and education of the public and the food industry. Redpath also produced the film "Raising Cane" which is shown in the theatre area of the museum and is distributed to schools and public groups. One of the museum's exhibits is a silver cup, pictured at right, presented to John Redpath on the opening of the Rideau Canal in 1831. It is inscribed:

The gift of Lt. Colonel John By, commanding Royal Engineer of the Rideau Canal in Upper Canada. To messrs: Mackay and Redpath the contractors for the first eight locks at the entrance of the Ottawa, two locks at Hartwells, two locks at Hogsback, and four locks and a dam sixty-five feet in height at Jones Falls. As an acknowledgement of the zeal displayed by them in the performance of their contracts. And a testimonial of the works above mentioned having been executed to his complete satisfaction.

Below, museum keeper Richard Feltoe demonstrates to students how an old-fashioned sugar loaf was broken.




CANAL IN
CANADA
REDPATH
for the
Locks
Hogsback
five
in height at
displayed by
Contracts.
above mention

CB Packaging produces polyethylene film for packaging by extruding an air-filled bubble. The film is slit on two sides and is placed on winders. The rolls are then ready for printing as shown on the cover of this report.

Operational and Financial Data (thousands of dollars)	**1979**	1978	1977	1976	1975	1974	1973	1972	1971	1970
Revenue	**348,721**	284,638	271,319	200,393	270,934	223,925	128,217	103,291	85,135	74,994
Depreciation and amortization	**5,751**	5,275	4,559	3,659	3,078	2,980	2,660	2,439	2,101	1,754
Income taxes	**3,100**	4,277	6,567	5,145	3,985	4,216	3,141	3,300	3,725	3,250
Net income *	**4,824**	4,770	8,571	7,531	7,343	5,712	5,244	4,300	4,392	3,836
Cash income	**9,090**	8,806	14,139	11,471	10,450	9,821	7,640	7,049	6,173	5,164
Dividends paid	**3,278**	3,290	3,079	2,858	2,835	2,819	2,790	2,790	2,790	2,635
Capital expenditures	**14,910**	12,060	9,180	5,555	3,623	5,230	4,634	4,927	2,020	1,803
Working capital	**36,056**	39,709	43,963	29,067	13,106	10,132	10,879	10,944	12,574	13,669
Property, plant and equipment	**58,654**	54,498	48,778	38,621	36,923	37,059	34,754	34,705	32,913	31,293
Investments and other assets	**14,441**	17,605	17,465	6,658	19,813	17,805	16,010	13,824	12,559	12,012
Capital employed	**109,151**	111,812	110,206	74,346	69,842	64,996	61,643	59,473	58,046	56,974
Long-term debt	**35,581**	31,860	29,734	1,686	2,172	2,257	2,926	3,337	3,730	4,061
Shareholders' equity	**68,055**	71,650	70,170	64,625	59,916	55,014	52,121	49,276	47,766	46,113
Percentages and Ratios										
Net income as % of revenues	**1.4**	1.7	3.2	3.8	2.7	2.6	4.1	4.2	5.2	5.1
Net income as % of capital employed	**4.4**	4.3	7.8	10.1	10.5	8.8	8.5	7.2	7.6	6.7
Net income as % of shareholders' equity	**7.1**	6.7	12.2	11.7	12.3	10.4	10.1	8.7	9.2	8.3
Long-term debt as % of capital employed	**32.6**	28.5	27.0	2.3	3.1	3.5	4.7	5.6	6.4	7.1
Ratio of current assets to current liabilities	**1.7:1**	1.6:1	1.7:1	1.6:1	1.2:1	1.2:1	1.4:1	1.4:1	1.5:1	1.8:1
Per Share Data										
Net income	**1.52**	1.50	2.69	2.37	2.33	1.82	1.69	1.39	1.41	1.23
Cash income	**2.86**	2.77	4.44	3.61	3.29	3.13	2.46	2.27	1.99	1.66
Dividends paid	**1.03**	1.03	.97	.90	.90	.90	.90	.90	.90	.85
Shareholders' equity	**21.38**	22.52	22.06	20.34	18.88	17.56	16.81	15.89	15.41	14.87
Statistical Data										
Number of employees	**1841**	1903	2045	1840	1690	1595	1657	1582	1487	1268
Number of shareholders	**2553**	2777	2820	2793	2851	2909	2904	2799	2958	3133
* Before extraordinary income (loss) of:	**(5,154)**	—	—	—	—	—	—	—	51	326

Consolidated Balance Sheet

Redpath Industries Limited and its subsidiaries
Year ended September 30, 1979

Assets	Notes	1979	1978
Current:			
Cash		**$ 2,336,000**	$ 4,290,000
Accounts receivable		**42,734,000**	36,039,000
Inventories	**2**	**44,047,000**	50,510,000
Short-term investments		**252,000**	19,958,000
Income taxes recoverable		**716,000**	—
Prepaid expenses		**1,278,000**	1,463,000
Total current assets		**91,363,000**	112,260,000
Investments	**3**	**10,247,000**	12,562,000
Property, plant and equipment	**4**	**58,654,000**	54,498,000
Other assets:			
Goodwill, at cost less amortization		**1,740,000**	1,778,000
Long-term debt expense, at cost less amortization		**704,000**	777,000
Unamortized deferred foreign exchange loss		**1,750,000**	2,488,000
		4,194,000	5,043,000
		$ 164,458,000	$ 184,363,000

On behalf of the Board:

C.F. Harrington

C.F. Harrington, *Director*

N.M. Shaw

N.M. Shaw, *Director*

Liabilities	Notes	**1979**	1978
Current:			
Short-term notes		**$ 21,731,000**	$ 35,182,000
Accounts payable		**27,046,000**	21,096,000
Provision for refinery closure	**8**	**4,738,000**	—
Income taxes payable		—	1,007,000
Deferred income taxes on inventories		**1,792,000**	1,699,000
Construction advances		—	13,567,000
Total current liabilities		**55,307,000**	72,551,000
Long-term debt	**5**	**35,581,000**	31,860,000
Deferred income taxes		**5,515,000**	8,302,000
Shareholders' Equity			
Capital stock	**6**	**15,687,000**	15,674,000
Appraisal increment	**7**	—	6,232,000
Contributed surplus		—	1,000,000
Retained earnings		**52,368,000**	48,744,000
		68,055,000	71,650,000
		$ 164,458,000	$ 184,363,000

Consolidated Statements of Income and Retained Earnings

Redpath Industries Limited and its subsidiaries
Year ended September 30, 1979

Income	Notes	**1979**	1978
Revenues	**10**	**$ 348,721,000**	$ 284,638,000
Expenses:			
Cost of sales and other costs exclusive of the following:		**329,708,000**	265,626,000
Depreciation		**5,465,000**	4,927,000
Amortization		**286,000**	348,000
Interest: long-term debt		**2,909,000**	2,730,000
other		**2,429,000**	1,960,000
		340,797,000	275,591,000
		7,924,000	9,047,000
Income taxes		**3,100,000**	4,277,000
Income before extraordinary item		**4,824,000**	4,770,000
Extraordinary loss on refinery closure, net of income tax recovery of $3,733,000	**8**	**(5,154,000)**	—
Net income (loss)		**$ (330,000)**	$ 4,770,000
Earnings per share			
Before extraordinary item		**$ 1.52**	$ 1.50
For the year		**$ (.10)**	$ 1.50

Retained Earnings			
Balance, beginning of year		**$ 48,744,000**	$ 47,264,000
Net income (loss)		**(330,000)**	4,770,000
Transferred from: contributed surplus		**1,000,000**	—
appraisal increment	**7**	**6,232,000**	—
		55,646,000	52,034,000
Dividends		**3,278,000**	3,290,000
Balance, end of year		**$ 52,368,000**	$ 48,744,000

Consolidated Statement of Changes in Financial Position

Redpath Industries Limited and its subsidiaries
Year ended September 30, 1979

Source of working capital	Notes	1979	1978
Operations:			
Income before extraordinary item		$ **4,824,000**	$ 4,770,000
Depreciation and amortization		**5,751,000**	5,275,000
Deferred tax credits		**(92,000)**	(1,000,000)
Gain on sale of investments		**(1,393,000)**	(239,000)
Working capital provided by operations		**9,090,000**	8,806,000
Proceeds from:			
Issue of shares		**13,000**	—
Disposal of property, plant and equipment		**1,140,000**	1,413,000
Issue of long-term debt		**6,191,000**	—
Disposal of investments		**5,252,000**	5,220,000
Total working capital provided		**21,686,000**	15,439,000
Use of working capital			
Provision for refinery closure, net of current income tax recovery of $1,038,000	8	**3,700,000**	—
Acquisition of investments		**1,544,000**	3,755,000
Additions to property, plant and equipment		**14,910,000**	12,060,000
Payment of dividends		**3,278,000**	3,290,000
Retirement of long-term debt		**1,907,000**	588,000
Total working capital used		**25,339,000**	19,693,000
Working capital			
Decrease during the year		**3,653,000**	4,254,000
Balance, beginning of year		**39,709,000**	43,963,000
Balance, end of year		$ **36,056,000**	$ 39,709,000

1 Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these financial statements:

a Principles of consolidation
These financial statements include the accounts of Redpath Industries Limited, all of its subsidiaries and the proportionate share of the assets, liabilities, revenues and expenses of its joint ventures.
Goodwill resulting from the acquisition of business is amortized on a straight-line basis at 2.5% per year.

b Inventories
A basic quantity of raw sugar equivalent is carried at a fixed value determined under the base stock method. All other inventories are valued at the lower of cost and net realizable value.

c Construction contracts
Earnings from construction contracts are accounted for using the percentage-of-completion method, whereby income is accrued in relation to the progress made.

d Oil and gas properties
The company follows the full cost method of accounting for its investments in oil and gas properties, whereby all costs related to the exploration for and the development of reserves are capitalized. These costs are depleted using the composite unit-of-production method based upon estimated proven reserves of oil and natural gas.

e Property, plant and equipment
Property, plant and equipment is stated at cost.
Depreciation is provided on plant and equipment on a straight-line basis over the estimated useful lives of the assets at rates varying from 2.5% to 30%.

f Long-term debt expense
Issuance expenses and discount on long-term debt are amortized over the life of the related debt.

g Income taxes
In accounting for income taxes, the company follows the tax allocation method.

i Deferred income taxes on inventories:
The company's basis of valuation for sugar inventories is not accepted for income tax purposes. Taxes on the difference between this basis of valuation and that used in the calculation of current taxes payable are deferred.

ii Deferred income taxes:
Deferred taxes are provided on timing differences which result primarily from claiming capital cost allowance in excess of depreciation provided.

The company follows the flow-through method of accounting for investment tax credits and inventory allowances, whereby the provision for income taxes is reduced for such credits claimed.

h Translation of foreign currencies
Foreign currency assets and liabilities carried at current prices are translated using the rate of exchange in effect at the year-end. Other foreign currency assets and liabilities are translated using the rates of exchange in effect at the dates of transaction. Unrealized foreign exchange gains and losses relating to the translation of long-term debt of a fixed term are deferred and amortized over the remaining life of the related debt. All other foreign exchange gains and losses are included in net income.

2 Inventories

	1979	1978
Raw materials, work in process and finished goods:		
Sugar	**$ 26,414,000**	$ 35,058,000
Construction materials	**12,560,000**	10,755,000
Packaging materials	**1,460,000**	1,277,000
	40,434,000	47,090,000
Manufacturing and maintenance supplies	**3,613,000**	3,420,000
	$ 44,047,000	$ 50,510,000

During the year the company reduced its base stock of sugar by 2,500 tons. The base stock now consists of 72,500 tons at an average price of $245 per ton, which is less than market value at September 30, 1979. Quantities in excess of this amount are hedged on commodity markets and are not at significant market risk.

3 Investments

	1979	1978
Portfolio, at cost (market value $7,694,000)	**$ 5,009,000**	$ 8,250,000
Oil and gas properties	**2,687,000**	2,048,000
Other, at the lower of cost and estimated realizable value	**2,551,000**	2,264,000
	$ 10,247,000	$ 12,562,000

4 Property, plant and equipment

	Investment	Accumulated depreciation	1979 net investment	1978 net investment
Property	$ 4,891,000	$ —	**$ 4,891,000**	$ 4,839,000
Plant	24,931,000	7,213,000	**17,718,000**	19,686,000
Equipment	62,601,000	26,556,000	**36,045,000**	29,973,000
	$ 92,423,000	$ 33,769,000	**$ 58,654,000**	$ 54,498,000

5 Long-term debt

	1979	1978
9% Debentures due September 15, 1989 (U.S. $25,000,000)	**$ 29,015,000**	$ 29,578,000
Floating rate term bank loans of a joint venture currently bearing interest at the Canadian prime rate, repayable in monthly instalments over a ten year period. These loans are secured by a fixed and floating charge debenture on the plant and equipment of the joint venture company	**6,191,000**	—
Other	**1,086,000**	3,031,000
	36,292,000	32,609,000
Less current portion in accounts payable	**711,000**	749,000
	$ 35,581,000	$ 31,860,000

Long-term debt is repayable as follows:
1981: $1,058,000; 1982: $709,000; 1983: $699,000;
1984: $699,000; 1985: $689,000; and subsequently, $31,727,000.

6 Capital stock

Issued: 3,182,500 common shares (3,181,500 in 1978.)
Under a stock option plan for officers and key employees,shares were reserved for issue at prices which cannot be less than 90% of the fair market value at date of grant. During the year, options representing 1,000 shares were granted and exercised. At September 30, 1979, options for 2,500 shares to key employees remained outstanding at an option price of $9.90 per share. These options expire on February 16, 1980.

7 Appraisal increment

Property, plant and equipment on hand at October 1, 1961 has been carried in the accounts at its then appraised replacement cost. Substantially all of the appraisal increment related to the Montreal refinery assets and had been earned through depreciation charges made in prior years. The appraisal increment has accordingly been transferred to retained earnings.

8 Refinery closure

On September 27, 1979, the company announced that its Montreal sugar refinery would be closed effective January 27, 1980. Full provision for the anticipated loss on closure has been made as an extraordinary charge against income for the year as follows:

Net book value of redundant refinery plant and equipment		$ 4,149,000
Other related costs, including employee severance, net of anticipated salvage proceeds		4,738,000
		$ 8,887,000
Income tax recovery:		
current	$ 1,038,000	
deferred	2,695,000	3,733,000
		$ 5,154,000

9 Contingencies

On March 15, 1978 the Quebec Court of Appeal gave its judgment in the appeal by the Crown against the acquittal of the company and two of its competitors on charges of conspiring to enhance unreasonably the price of sugar and of conspiring to unduly lessen competition in the production, manufacture, purchase, barter, sale, transportation or supply of sugar. The Court of Appeal confirmed the acquittal of the companies on the first charge and substituted a finding of guilty on the second charge and referred the matter back to the Superior Court for sentencing. On October 6, 1978 a fine of $750,000 was imposed on each of the three companies. The company, and the others, have appealed the conviction to the Supreme Court of Canada and it is expected the appeal will be heard in December 1979. The three companies have also appealed as to the amount of the fine to the Quebec Court of Appeal. Payment of the fine was suspended to allow time for disposal of the appeals.

On February 22, 1977 income tax assessments were issued by Revenue Canada, Taxation against the company for its five taxation years ended September 30, 1971 claiming $3,026,859 in taxes plus interest at 6% per annum on the taxes alleged to be due for such years and penalties of $756,714 on the grounds that the company should have considered as its own all the income of its non-resident affiliate, Albion Company Limited. In addition, the company was shortly thereafter served with a summons to appear in criminal court on charges that the alleged failure to include the income of Albion Company Limited constituted an offence under paragraph 239(1) (d) of the Income Tax Act (Canada) dealing with willful evasion of taxes. A corporation guilty of such an offence is liable, in addition to any penalty otherwise provided, to a fine of not less than $25 and not exceeding $10,000 plus, in an appropriate case, an amount not exceeding double the amount of the tax that should have been shown to be payable or that was sought to be evaded. A Notice of Objection to the assessment was filed by the company. On advice of counsel the company is strongly contesting the Crown's allegations and the trial of the criminal charge commenced January 23, 1978. The Crown has concluded its case. Arguments on legal issues arising from the Crown's evidence will be heard before proceeding with the defence.

Given the nature of litigation and the comments set out in this note, it is not reasonably possible to determine whether any loss will ultimately result and accordingly no provision has been made in the accounts. Such losses, if incurred, will be accounted for as adjustments to income of the applicable years.

Construction of a raw sugar factory and related infrastructure in the Ivory Coast is substantially complete. The company is endeavouring to obtain final acceptance and the release of its performance obligations. Discussions are proceeding satisfactorily but management cannot now foresee if costs will result in addition to those already provided. Such additional costs, if any, would be accounted for as an adjustment to income for the year ended September 30, 1979.

10 Additional information

a The company's proportionate share of the assets, liabilities, revenues and expenses of its joint ventures is as follows:

	1979	1978
Assets	$ 34,658,000	$ 32,069,000
Liabilities	19,000,000	19,155,000
Share of net assets	$ 15,658,000	$ 12,914,000
Revenues	$ 67,201,000	$ 48,712,000
Expenses	68,300,000	52,172,000
Share of net loss before income taxes	$ 1,099,000	$ 3,460,000

Short-term notes include $6.8 million of notes issued by a joint venture which are secured by its sugar inventories ($9.6 million in 1978).

Long-term debt includes $6.2 million of term bank loans issued by a joint venture which are secured by its property, plant and equipment (nil in 1978).

b Revenues by class of business were as follows:

	1979 Amount	%	1978 Amount	%
Agro-industrial:				
Sugar refining	$ 214,990,000	61.7	$ 186,068,000	65.4
Consulting projects	53,429,000	15.3	37,094,000	13.0
	268,419,000	77.0	223,162,000	78.4
Construction materials	65,537,000	18.8	49,385,000	17.4
Packaging materials	12,547,000	3.6	10,521,000	3.7
Other	2,218,000	.6	1,570,000	.5
	$ 348,721,000	100.0	$ 284,638,000	100.0

c Certain of the figures for 1978 have been regrouped to conform with the presentation adopted in the current year.

11 Commitments

a The company through its subsidiary, Redpath Sugars Limited, has entered into a joint venture agreement to construct a corn wet milling and starch conversion plant in London, Ontario. It is anticipated that the total cost of the company's investment in the venture will be $37 million. Approximately $7 million had been spent as at September 30, 1979.

b Commitments for the acquisition of other property, plant and equipment aggregate approximately $2 million.

Auditors' Report

To the Shareholders of Redpath Industries Limited:

We have examined the consolidated balance sheet of Redpath Industries Limited as at September 30, 1979 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, subject to the resolution of the matters described in note 9, these consolidated financial statements present fairly the financial position of the company as at September 30, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
November 16, 1979

Clarkson, Gordon & Co.
Chartered Accountants

Operating Subsidiaries, Affiliates and Associated Companies	Investment Held Percent
CB Packaging Limited *Toronto, Ontario*	100
Certain-Teed/Daymond Co. *Ann Arbor, Michigan*	50
Daymond Limited *Mississauga, Ontario*	100
Devonport Trading Ltd. *Hamilton, Bermuda*	100
Gienow Limited *Calgary, Alberta*	100
Merry Packaging Limited *Don Mills, Ontario*	87.5
MSU-Daymond Canada Ltd. *Mississauga, Ontario*	75
Multi Fittings Limited *London, Ontario*	100
Multi Fittings (USA) Ltd. *Waco, Texas*	100
Redpath Sugars Limited *Montreal, Quebec*	100
Refined Syrups & Sugars Inc. *Yonkers, New York*	50
Seaway Insurance Ltd. *Hamilton, Bermuda*	100
Zymaize Company *London, Ontario*	50

Corporate Officers

Conrad F. Harrington
Chairman

Neil M. Shaw
President and Chief Executive Officer

Robert G. Brownridge, C.A.
Vice-President and Treasurer

Ronald F. Booth
Vice-President and General Counsel

Peter R. Baker
Vice-President

John E. Wood
Secretary

Michael D. Patrick, C.A.
Comptroller

Bruce C. McCallum
Assistant Secretary

Transfer Agent and Registrar

The Royal Trust Company
Montreal, Toronto, Calgary, Vancouver

Stock Listing

Toronto Stock Exchange
Montreal Stock Exchange
Ticker Symbol: RIN

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Director
Redpath Industries Limited
Piedmont, California

*Conrad F. Harrington
Chairman, Executive Committee
The Royal Trust Company
Montreal, Quebec

*Roderick L. Henry
President and Chief Executive Officer
Wire Rope Industries Limited
Montreal, Quebec

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*W. Darcy McKeough
President and Chief Executive Officer
Union Gas Limited
Chatham, Ontario

Paul S. Newell
President
Dominion Envelope Company Limited
Toronto, Ontario

Neil M. Shaw
President and Chief Executive Officer
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Toronto, Ontario

David A. Tate
Director
Tate & Lyle, Limited
London, England

*Member of the Audit Committee

Pour obtenir l'édition française du présent rapport,
on est prié d'écrire au Secrétaire,
Les Industries Redpath Limitée,
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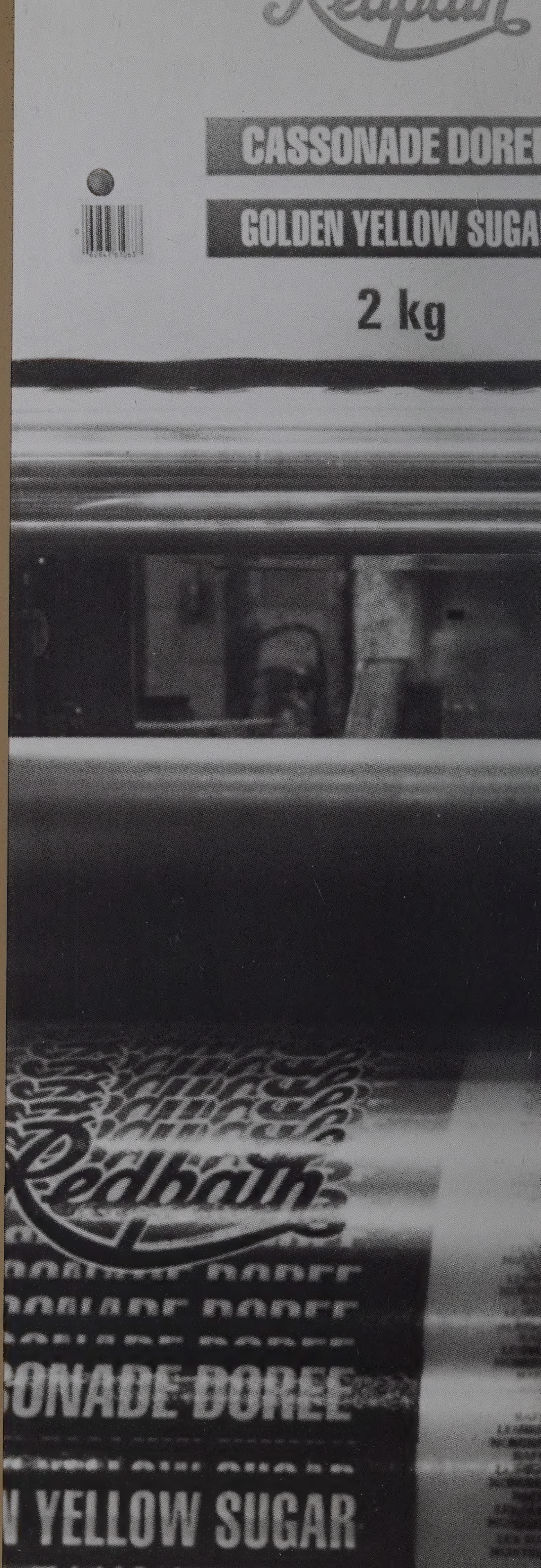
Design: Gottschalk + Ash Ltd. Photography: Hans Peter Marti, Victor Aziz



A high-speed flexographic press at CB Packaging, an RIL subsidiary, prints the polyethylene material which forms the package for Redpath Sugars' 2 kg brown sugar bags.